

## World Knowledge Forum 2012

### October 9, 2012 – CFA: How to Be Green with Financial Products

A panel comprised of financial, marketing and consulting experts met to discuss the notion that “green” and finance can go together.

Among the panel members were Richard Brandweiner, Group executive for income and multi-sector at Perpetual Investments; Martin Boehm, Associate Dean of the Master in Management Programs at IE Business School; Emmanuel Limido, Chairman of Centuria Capital; and Richard Dobbs, Director at the McKinsey Global Institute.

Mr. Dobbs voiced the consensus of the panel by stating, “The right thing globally to do is to invest, but the problem is that the incentive is not really there.”

The panel began by discussing the problems with green investments. Mr. Brandweiner acknowledged the issues of the past when he said, “There are good reasons not to invest in renewable energy.” He elaborated on this by noting the dramatic shift in the source of investment over the past few years.

He noted that while overall investment in sustainable energy has increased, “The reality is that if you look at the past few years, there has been a reduction in the amount of investments from real money investors.”

Mr. Dobbs added to this argument, explaining that “climate change is an ‘other people’s problem’ issue.” He highlighted the fact that in 2004, there were 45 private funds set up to invest in renewable energy, but in 2011, that number had dwindled to three. He credited the boom in total investment to government policies, such as subsidies.

Mr. Limido returned to the private sector by saying that real money is out there, but “there are a number of hurdles... You have political risk. You have technical risk. You have financial risk,” which have collectively impeded growth in the green economy.

Mr. Brandweiner followed this by stating, “The political will is great. The global community is very responsive...but the reality is that your standard real money investor has been seriously disturbed by the enormous volatility and uncertainty.”

While there was a general agreement in regards to the problems with green financial products, there was also an accord on the opportunities that exist. “There are pockets of money eager to invest in these projects of the future,” said Mr. Limido.

Mr. Boehm utilized his marketing expertise in outlining how to engage consumers in the green revolution. He cited the success of the Toyota Prius as an example of how consumers need “clear and tangible benefits” in order to pay a premium for a green

product. By garnering the support of celebrities and lobbying to allow low-emission vehicles in the car pool lane, consumers moved past social motivations to economic ones.

Mr. Dobbs supported this by saying that we should get to the point where “we are not doing it for social goods, we are not doing it for government subsidies. We are doing it because it makes economic sense.”

Offering a more widespread solution to the issue at hand, Mr. Limido stated, “We need solutions which will bring all parties together.” This solution gained momentum when Mr. Barnweiner said, “We need a new language, a new classification for sustainable investments,” and in order to accomplish this he recommends bringing all parties together.